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## Viewing cable 09CARACAS1334, GBRV EXPROPRIATES ONE OF CHAVEZ'S FAVORITE HOTELS

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### Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

### Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#09CARACAS1334**.

| Reference ID  | Created          | Released         | Classification | Origin          |
|---------------|------------------|------------------|----------------|-----------------|
| 09CARACAS1334 | 2009-10-16 10:59 | 2011-08-30 01:44 | CONFIDENTIAL   | Embassy Caracas |

Appears in these articles:

<http://www.semana.com/mundo/wikileaks-venezuela-cumbre-perdio-chavez/158568-3.aspx>

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PP RUEHAO RUEHCD RUEHGA RUEHGD RUEHHA RUEHHO RUEHMC RUEHMT RUEHNG  
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C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 001334

SIPDIS

HQ SOUTHCOM ALSO FOR POLAD  
TREASURY FOR MKACZMAREK  
NSC FOR DRESTREPO  
NSC FOR LROSSELLO  
USDOC FOR 4332 MAC/ITA/WH/JLAO

E.O. 12958: DECL: 10/16/2019

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SUBJECT: GBRV EXPROPRIATES ONE OF CHAVEZ'S FAVORITE HOTELS

Classified By: Economic Counselor Darnall Steuart for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: On October 14, the Government of the Bolivarian Republic of Venezuela (GBRV) assumed formal control of the Margarita Hilton Hotel and Suites Hotel complex after President Chavez complained that the owners were enriching themselves at the expense of the local tourism industry. The Margarita Hilton Hotel, which is operated by Hilton Worldwide but locally owned, is a frequent venue for meetings between GBRV officials and foreign dignitaries. In a speech on the night of October 14, President Chavez criticized the hotel management for imposing conditions on the government during a high profile Africa-South America Summit (ASA) in September 2009. A representative from Hilton Worldwide said that the company was surprised by the announcement but hoped to receive GBRV permission to continue to manage the hotel. END SUMMARY.

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TO INCREASE SOCIAL TOURISM  
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¶2. (SBU) On October 13, the GBRV published an executive decree in the Official Gazette authorizing the "forcible acquisition" of the Margarita Hotel in order to "recuperate" the resort after the previous management had allowed it to "deteriorate" for the last seven years. The decree transferred ownership of the hotel to the GBRV's Ministry of Tourism and declared that the state-run tourism company Venezolana de Turismo would assume control of the hotel in order to "increase social tourism...and to propel the social and economic development of the area." The order also absolved the GBRV of any responsibility for the hotel's existing liabilities. On October 14, Tourism Minister Pedro Morejon formally took control of the hotel and began an inspection of the resort complex. According to press reports, Morejon said that GBRV ownership would not affect the ongoing operations of the hotel.

¶3. (SBU) In a October 14 speech at the inauguration of a National Center for Genetics, President Chavez said that the previous owners of the Margarita Hilton had enriched themselves at the expense of Margarita's tourism industry. "When we wanted to hold the Africa-South America Summit we had to ask permission for security and other things...they want to impose conditions on the revolutionary state and we are not going to accept it," President Chavez said. The Venezuelan President also announced that the GBRV would change the name of the hotel to reflect its Venezuelan ownership.

¶4. (C) The Margarita Hilton and Suites Hotel complex consists of 280 rooms, 154 timeshares, a casino, shops, restaurants, offices, salons, and a marina. The resort complex is operated by Hilton Worldwide, but jointly owned by the Venezuelan company Inversiones Pueblamar and the GBRV's Deposit Guarantee and Bank Protection Fund (FOGADE). (Note: Embassy officials have been told, but cannot confirm, that Inversiones Pueblamar owns approximately 60 percent of the resort and FOGADE owns approximately 40 percent. End Note.) According to press reports, Inversiones Pueblamar has recently been under investigation by one of the GBRV's financial regulatory agencies.

¶5. (C) On October 14, XXXXXXXXXXXX told EconCouns that the company was completely surprised by the expropriation announcement. The GBRV has given Hilton 15 days (until October 28) to prepare an inventory of the hotel's property and goods. At the end of this period, the GBRV will supposedly decide whether to invite Hilton to continue to manage the hotel. XXXXXXXXXXXX said that while management of the hotel generates significant revenue, and that Hilton would like to continue in this capacity, the company has some USD 20 million in profits that it cannot

repatriate through the GBRV's Foreign Exchange Administration Board (CADIVI).

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AN UNWANTED GUEST  
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16. (C) The Margarita Hilton Hotel has been a popular venue for high profile GBRV meetings, forums, and congresses. In September 2009, the GBRV hosted the Second Africa-South America Summit at the resort. The summit included heads of state from eight South American and twenty African nations, but was subsequently criticized for a number of logistical failures, including a lack of internet access and insufficient accommodations for the delegations (Caracas 1284). During the summit, President Chavez reportedly joked that the GBRV could nationalize the hotel in the future.

17. (C) XXXXXXXXXXXXX said that President Chavez favors the resort for both official and private events, and that during previous visits the hotel staff has complained about receiving orders to clear all other guests out of the hotel at very short notice to make way for President Chavez and his entourage. XXXXXXXXXXXXX speculated that the expropriation could be a response to these complaints from the hotel staff.

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COMMENT  
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18. (C) The reasons for the sudden expropriation of the Margarita Hilton Hotel are still unclear. President Chavez's public claim that the hotel management made demands on the GBRV during the ASA Summit is one possible explanation. Another theory is that Inversiones Pueblamar ran afoul of a GBRV regulatory agency. The local media has speculated that the GBRV racked up a large hotel bill following the ASA Summit and it did not want to pay. Whatever the explanation, the sudden expropriation of the Margarita Hilton is yet another example of how the public sector presently runs Venezuela.  
DUDDY